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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

| | | |
|--|---|----------------------------------|
| In re: | : | Chapter 11 Case |
| LEHMAN BROTHERS HOLDINGS, INC., | : | Case No. 08-13555 (JMP) |
| Debtors. | : | Jointly Administered |
| ALIENT BANK, | : | |
| Plaintiff, | : | |
| vs. | : | Adversary Proceeding No. 08-1751 |
| LEHMAN BROTHERS SPECIAL FINANCING, INC., JPMORGAN CHASE BANK, N.A. and FEDERAL NATIONAL MORTGAGE ASSOCIATION, | : | |
| Defendants. | : | |

**DECLARATION OF LAWRENCE N. CHANEN IN
OPPOSITION TO THE MOTION OF ALIENT BANK**

1. I am Senior Vice President and Associate General Counsel of JPMorgan Chase Bank, N.A. (“JPMorgan”). I have personal knowledge of the matters set forth in this Declaration. I submit this Declaration in opposition to the Motion of Alient Bank (“Alient”) for

an order, inter alia, directing JPMorgan, as debtor's agent or custodian, to effectuate certain transfers (the "Motion").

2. In the Motion, Aliant seeks to recover possession of a certain Federal National Mortgage Association ("FNMA") mortgage backed security bearing CUSIP No. 31371LB81, together with any distributions made with respect thereto and interest thereon, referred to by Aliant as the "Swap Collateral." According to Aliant, the Swap Collateral served as security for Aliant's potential obligations to Lehman Brothers Special Financing, Inc. ("LBSF") under certain derivative transactions between Aliant and LBSF pursuant to an ISDA Master Agreement dated October 24, 2003 (copies of the ISDA Master Agreement and the Credit Support Annex thereto are attached to Aliant's motion as Exhibit A).

3. At my direction, JPMorgan conducted a search to determine if JPMorgan is holding the Swap Collateral and, if so, in what capacity. First, JPMorgan looked for accounts that might contain a security posted by an LBSF counterparty. I am advised that there is no evidence that JPMorgan held a FNMA security as custodian for LBSF since October 27, 2005.

4. Second, JPMorgan conducted a search for CUSIP No. 31371LB81 subsequent to the date that Aliant alleges that it was delivered to LBSF -- October 27, 2005. Attached hereto as Exhibit A is an electronic record reflecting, in the second to last item, a transfer of a security of the relevant issue (CUSIP 31371LB81) by Lehman Brothers Inc. to Bank of New York for the account of Barclays Capital on September 18, 2008. I am advised that the designation LFN before the number of the trade in the left-hand column indicates that the trade was made by Lehman Brothers Inc., which had on-line access to JPMorgan's systems and executed its own trades. I am also advised that the designation FRBS BK OF NYC/BCMBS

under the column headed OTHERSIDE indicates that the trade was made to Bank of New York for the account of Barclays Capital.

5. In October 2008, JPMorgan exercised its right of setoff against the balance in the demand deposit account maintained by LBSF at JPMorgan. I have been informed that the account contained only cash; there were no securities, including specifically the Swap Collateral, in the LBSF account.

I declare under penalties of perjury that the foregoing is true and correct.

Executed on January 9, 2009

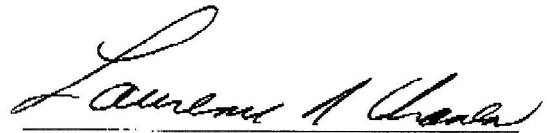

Lawrence N. Chanen

EXHIBIT A

JPMORGAN CHASE BANK BDAS BE3 SYSTEM
BDAS Detailed Transaction Journal ReportPAGE 536
19-SEP-2008 04:05:19.21

BUSINESS DATE: 18-SEP-2008

CUST ***** INA *****

DUE TO FRB

DUE FROM

PAYMENT

TYPE

REF CODE

OTHERSIDE

R

CUSTIP:

31371L5W5

FNMS 255661

6.5000

Subtotals for Custip: 31371L5W5
Tran Count Total - 12,061,445.00
Payments 0.000.00
0.00

0.00 Delivers -

1 Receives - 0

CUSTIP:

31371L6J3

FNMS 255673

6.5000

LFN * 09181933 BSES5 5682
Subtotals for Custip: 31371L6J3
Tran Count Total - 1145,000.00
Payments 0.000.00
0.00

0.00 Delivers -

1 Receives - 0

CUSTIP:

31371LAC3

FNMS 254803

5.0000

LFN * 09181933 BSES5 5691
Subtotals for Custip: 31371LAC3
Tran Count Total - 122,090,896.00
Payments 0.000.00
0.00

0.00 Delivers -

1 Receives - 0

CUSTIP:

31371LB81

FNMS 254863

4.0000

LFN * 09181933 BSES5 5684
Subtotals for Custip: 31371LB81
Tran Count Total - 15,250,000.00
Payments 0.000.00
0.00

0.00 Delivers -

1 Receives - 0

CUSTIP:

31371LC56

FNMS 254892

3.5000

LFN * 09181933 BSES5 5693
(BE3) PDRT/ALL
FROM: 31371L6J3/1,000,000.00
145,000.00/0.00
0.00

0.00 Delivers -

1 Receives - 0

0.00 2000 5693 FRBS BK OF NYC/BCMB3

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